



State of Washington:

Legislating Technology Business Management

“Given the often difficult choices that have to be made about the services that state government provides, it is vital that we do our best to ensure efficient and effective spending in all areas, including IT. For Washington State, TBM provides business leaders and elected officials with solid data, in a language they understand, to help them make tough choices in a budget environment that becomes tougher every year.”

– Mary Groebner, Program Manager for the Technology Business Management program within the Office of the Chief Information Officer (OCIO)

The Backstory

The State of Washington, the 18th largest and 13th most populous state in the nation, has a bicameral State Legislature. The Legislature is composed of a lower House of Representatives and an upper State Senate. The state is divided into 49 legislative districts of equal population, each of which elects two representatives and one senator. State agencies are led by one of three constituencies: statewide elected officials; governor appointed executives; or a board, council or commission. The State has 44 separate agencies.

Moribund Trust in IT

Each year, the State of Washington spends nearly \$1 billion on IT staff, infrastructure, applications, maintenance and operations. Yet, prior to 2012 there had been little insight into how that money was spent, or the value achieved from that spend. Technology,



legislative, and policy executives have long been concerned about the lack of sufficient and credible insight into agency-level and enterprise-wide technology investments. And the Governor and Legislature increasingly demanded insight into IT spend and performance to facilitate better decision-making.

At the same time, public confidence and trust in efficiency and effectiveness of government were on a long downward slide. In the State of Washington, several high profile IT projects went off the rails, raising citizen awareness of IT spend.

Internally, communication between the business executives and IT leaders had long been challenging, as these two groups often seemed to speak entirely different languages.

Mandated Benchmarking

Over the past decade, in an attempt to gain better insight into IT spend and performance, the State of Washington legislature mandated numerous studies and reports designed to shed light on IT spend. Each study and report was “painful” for the state agencies to comply with, according to Mary Groebner, Program Manager for the TBM program within the OCIO. Each agency had to identify and re-categorize cost and spend activities into study-specific categories.

In 2012, state agencies participated in a mandated Total Cost of Ownership (TCO) study that provided a one-time snapshot view inside and across 40 state agencies and measured how each compared to peers in the industry in various categories. The findings: The State was rated as “average” on TCO metrics. The study shed little insight into actual spend or performance and did not give the State the ability to line up IT spend with the business services that it supported — or to translate the conversation between business and IT effectively.

The TCO study did have some positive impacts: it “whetted appetites” for the ability to establish some set of TCO metrics on more of an ongoing basis, according to Groebner.

The Road to TBM

Strategic Direction

In 2011, in the face of budget shortfalls, the state legislature reorganized and eliminated some state agencies, including the monolithic Department of Information Services, the state’s main technology agency. Three new agencies — Consolidated Technology Services, the Department of Enterprise Services, and the Office of the Chief Information Officer (OCIO) — took its place. Bharat Shyam was appointed CIO within OCIO. Shyam’s responsibilities included:

- Providing strategic direction and enterprise architecture for state government
- Enabling standardization and consolidation of IT infrastructure
- Establishing standards and policies
- Educating and informing policymakers

As part of his mission, Shyam pursued Technology Business Management (TBM) as a way to provide a methodology that would enable agencies to give the legislature meaningful insight on spend and performance. He also pitched TBM internally as a way to avoid all the “blood, sweat and tears” that the state’s agencies had to endure to meet frequent, one-off benchmarking mandates.

Finding Transparency

In 2012, Shyam got the necessary funding for TBM. His goals were simple and focused on increasing confidence and trust while improving communication. To get there, his initiatives included:

- Implementing TBM technology and methodologies within OCIO, in partnership with the Office of Financial Management (OFM)
- Generate meaningful cost and performance reports and share them with the Legislature and internal stakeholders (agencies)
- Work closely with state legislators to meet their transparency requirements

“We chose an enterprise approach with TBM, because the Legislature was interested in technology spend across the board, not just any one agency,” said Groebner. “To give the legislature the data they needed, we instituted a systemic solution — built on transparency and serving up the right data at the right times so that the legislature and agency leaders can make the best decisions for the people of Washington state.”



Shyam took his case for a TBM approach to the state legislature. He frequently testified before House and Senate committee meetings, seeking investment and support for his initiative while evangelizing the need for TBM across all of Washington State's agencies.

Outcomes

Legislating TBM

In 2013 the State of Washington added statutory language that the OCIO must "coordinate with state agencies with an annual IT expenditure that exceeds ten million dollars to implement a technology business management program to identify opportunities for savings and efficiencies in information technology expenditures and to monitor ongoing financial performance of technology investments."

"In late 2012 we began our TBM journey," said Michael DeAngelo, Deputy CIO of the State of Washington. "We were so aggressive and persistent in understanding the transparency of IT cost, that it became law." The TBM legislation only covered those agencies with over \$10 million in spend, the OCIO worked with agencies to widen the pool. "We started with agencies with \$10 million in IT spend or more – that represented about 12 agencies," said Di Angelo. "We thought we could do better. We lowered the threshold to \$250,000 by our office policy, which has the effect of law. Now there are 44 agencies that participate in TBM through the State of Washington.

In mid-2012, the State of Washington purchased Technology Business Management software from Apptio and began leveraging its Cost Transparency and cost modeling capabilities across all of its agencies. At the completion of its first internal release, 44 state agencies have implemented cost models. Of these, 24 are using a single, multi-agency model and the remaining 20 are using agency-specific models.

Communicating and Governing TBM

The State of Washington operates in a federated environment. While Groebner manages the TBM program, the OCIO does not have direct authority over the IT departments within other state agencies, except through the creation of policy. "As you might imagine, communication and education is critical," she said.

To better communicate with and educate each of the state agencies, the OCIO formed a TBM Advisory group consisting of select agency CIOs and CFOs and other representatives. Participation is voluntary and is for the sole purpose of helping create a strategic roadmap with feasible and achievable milestones along the way. This has been a process of trial and error for the agency. Early on OCIO began setting TBM mandates – dates that agencies were required to comply with the legislation. However, those dates were decided upon prior to consulting with the agencies themselves. The feedback was not entirely positive.

This is when OCIO discovered that communication and education are critical. "Now we're letting the agencies have a seat at the table and set the project timeline," said Groebner. The TBM Advisory group holds a monthly 'boots on the ground' agency staff meeting for those directly involved in the implementation of TBM – from both the business and technology – to identify problems or challenges, talk through possible approaches, as well as share best practices. The outcome: a better roadmap; more buy-in from agencies; and increased communication and understanding between business and IT.

Roadshowing TBM

State CIO Michael Cockrill and Deputy CIO Michael DeAngelo recently started a 'World Tour' of state agencies. The background material consists of charts and tables showing each agencies' IT spend broken into IT Resource Towers, as well as five benchmarking reports that show how the agencies compare to each other and to the non-profit and government sector. "These materials drive the conversation by pivoting the conversation towards the value each agency is really getting from their technology spend, and how they can get better results," said Groebner.

TBM is also beginning to enter into the regular business review processes within agencies. For example, the Department of Corrections (DOC) and Consolidated Technology Services (CTS) are both using TBM reports to regularly inform ongoing management team discussions.



Advocating TBM

To inform the public of its program, the OCIO created space on the OCIO website to explain the TBM program and its' relationship to other statutory requirements, such as oversight of major IT projects. This content continually evolves as project and roadmap information evolve, with the goal of educating and informing participating state agencies, the legislature and general public. "We envision including access to reports and data as part of our website in the future," said Groebner.

In the first steps to inform the Legislature, the OCIO is reporting IT spend in the Governor's budget from a TBM report. The agencies will insert text into the report that explains their data.

It's A Journey: Next Steps

The State of Washington OCIO website describes the State's TBM journey, starting in 2012 when TBM was established. The site provides a description of TBM and of the State's technology partner, Apptio. It also outlines the stages of the journey — technology deployment, operationalizing TBM, and transformation so that IT operates as a line of business. The core

values driving the effort like transparency, cost optimization, and communication are also clearly defined. Mary Groebner outlined the next stages of the State's TBM journey:

- Review and refine TBM taxonomy on at least a yearly basis to improve quality of data
- Continue working with agencies to discover, cleanse and utilize data beyond cost (applications, infrastructure, business services)
- Create a clear TBM policy that will identify required minimum data reporting; revise policy as maturity improves
- Continue to socialize TBM outcomes with key legislators and stakeholders

The outcome? Better partnerships — with agencies, with the legislature and with constituents, according to DeAngelo. "TBM has incrementally improved our maturity in how we talk about technology with our business partners so we can be a much better business partner and they can be a much better servant for our citizens of the state. To be able to talk about IT in the language of business requires a different language — it's a non trivial task to create that vocabulary, that culture and those habits around speaking about IT as a business."



About the Technology Business Management Council

The TBM Council is a group of more than 1,200 CIOs and other business and technology executives who are passionate about applying business disciplines to better run their technology organizations. Founded by **Apptio**, the leading and independent provider of TBM solutions, the TBM Council is governed by an independent board of directors and is a nonprofit organization. Apptio remains the Council's **technical advisor**.

Our mission is to serve our members and the CIO profession by defining a decision-making framework that creates and sustains business value by balancing the supply of and demand for technology services. The Council's objectives are to publish a generally accepted set of TBM practices and facilitate benchmarking by business technology leaders against those practices.

The Council is open to any **qualifying** CIO or senior IT executive. Learn more at **TBMCouncil.org**.